

STATE OF TENNESSEE 20 TH JUDICIAL DISTRICT CHANCERY COURT	SUMMONS	CASE FILE NUMBER <div style="font-size: 1.5em; font-family: cursive;">09-904-1</div>
PLAINTIFF ALEX SCHAUFFERT	DEFENDANT CERTAIN UNDERWRITERS AT LLOYD'S LONDON, GAB ROBINS NORTH AMERICA, INC., and BRAUN CONSTRUCTION SERVICES, INC.,	
TO: (NAME AND ADDRESS OF DEFENDANT) CERTAIN UNDERWRITERS AT LLOYD'S LONDON Serve Agent for Service of Process: Mendes & Mount 750 Seventh Avenue New York, NY 10019-6829		
		Method of Service: <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Davidson Co. Sheriff <input type="checkbox"/> *Comm. Of Insurance <input type="checkbox"/> *Secretary of State <input type="checkbox"/> *Out of County Sheriff <input type="checkbox"/> Private Process Server <input type="checkbox"/> Other *Attach Required Fees
List each defendant on a separate summons.		
YOU ARE SUMMONED TO DEFEND A CIVIL ACTION FILED AGAINST YOU IN CHANCERY COURT, DAVIDSON COUNTY, TENNESSEE. YOUR DEFENSE MUST BE MADE WITHIN THIRTY (30) DAYS FROM THE DATE THIS SUMMONS IS SERVED UPON YOU. YOU MUST FILE YOUR DEFENSE WITH THE CLERK OF THE COURT AND SEND A COPY TO THE PLAINTIFF'S ATTORNEY AT THE ADDRESS LISTED BELOW. IF YOU FAIL TO DEFEND THIS ACTION BY THE ABOVE DATE, JUDGMENT BY DEFAULT CAN BE RENDERED AGAINST YOU FOR THE RELIEF SOUGHT IN THE COMPLAINT.		
Attorney for plaintiff or plaintiff if filing Pro Se: (Name, address & telephone number) Michael P. Mills, BPR #01055 Mills & Cooper 5042 Thoroughbred Lane, Suite A Brentwood, TN 37027 (615) 221-8218 (615) 221-1581 (Fax)	FILED, ISSUED & ATTESTED <div style="border: 1px solid black; padding: 5px;"> CRISTI SCOTT, Clerk and Master By: 1 Public Square Suite 308 Nashville, TN 37201 </div> <div style="text-align: right; margin-top: 10px;"> Deputy Clerk & Master </div>	
NOTICE OF DISPOSITION DATE		
<p>The disposition date of this case is twelve months from date of filing. The case must be resolved or set for trial by this date or it will be dismissed by the Court for failure to prosecute pursuant to T.R.C.P. 41.02 and Local Rule 18.</p> <p>If you think the case will require more than one year to resolve or set for trial, you must send a letter to the Clerk and Master at the earliest practicable date asking for an extension of the disposition date and stating your reasons. Extensions will be granted only when exceptional circumstances exist.</p>		
TO THE SHERIFF:	DATE RECEIVED <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
	Sheriff	


***Submit one original plus one copy for each defendant to be served.

ADA Coordinator, Cristi Scott (862-5710)

STATE OF TENNESSEE 20 TH JUDICIAL DISTRICT CHANCERY COURT	SUMMONS	CASE FILE NUMBER <div style="font-size: 1.5em; margin-top: 10px;">09-904-T</div>
PLAINTIFF ALEX SCHAUFFERT	DEFENDANT CERTAIN UNDERWRITERS AT LLOYD'S LONDON, GAB ROBINS NORTH AMERICA, INC., and BRAUN CONSTRUCTION SERVICES, INC.,	
TO: (NAME AND ADDRESS OF DEFENDANT) <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> CERTAIN UNDERWRITERS AT LLOYD'S LONDON Serve Agent for Service of Process: Mendes & Mount 750 Seventh Avenue New York, NY 10019-6829 </div> <div style="width: 35%;"> Method of Service: <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Davidson Co. Sheriff <input type="checkbox"/> *Comm. Of Insurance <input type="checkbox"/> *Secretary of State <input type="checkbox"/> *Out of County Sheriff <input type="checkbox"/> Private Process Server <input type="checkbox"/> Other *Attach Required Fees </div> </div>		
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TO THE SHERIFF: <div style="font-size: 1.5em; margin-top: 20px;"> </div>	DATE RECEIVED <div style="font-size: 1.5em; margin-top: 10px;"> </div>	
Sheriff		

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ADA Coordinator, Cristi Scott (862-5710)

STATE OF TENNESSEE 20 TH JUDICIAL DISTRICT CHANCERY COURT	SUMMONS	CASE FILE NUMBER <div style="font-size: 1.5em; font-family: cursive;">09-904-I</div>
PLAINTIFF ALEX SCHAUFFERT	DEFENDANT CERTAIN UNDERWRITERS AT LLOYD'S LONDON, GAB ROBINS NORTH AMERICA, INC., and BRAUN CONSTRUCTION SERVICES, INC.,	
TO: (NAME AND ADDRESS OF DEFENDANT) BRAUN CONSTRUCTION SERVICES, INC. Serve Agent for Service of Process: Dustin S. Braun 2143 Payne Avenue Alcoa, TN 37701-3130		
<div style="display: flex; justify-content: space-between;"> <div> List each defendant on a separate summons. </div> <div> Method of Service: <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Davidson Co. Sheriff <input type="checkbox"/> *Comm. Of Insurance <input type="checkbox"/> *Secretary of State <input type="checkbox"/> *Out of County Sheriff <input type="checkbox"/> Private Process Server <input type="checkbox"/> Other *Attach Required Fees </div> </div>		
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TO THE SHERIFF:	DATE RECEIVED Sheriff	

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ADA Coordinator, Cristi Scott (862-5710)

RETURN ON SERVICE OF SUMMONS

I hereby return this summons as follows: (Name of Party Served) _____

☐ Served _____ ☐ Not Found _____
☐ Not Served _____ ☐ Other _____

DATE OF RETURN:

By:

Sheriff/or other authorized person to serve process

RETURN ON SERVICE OF SUMMONS BY MAIL

I hereby certify and return that on the _____ day of _____, 20____, I sent, postage prepaid, by registered return receipt mail or certified return receipt mail, a certified copy of the summons and a copy of the complaint in case _____ to the defendant _____. On the _____ day of _____, 20____, I received the return receipt, which had been signed by _____ on the _____ day of _____, 20____. The return receipt is attached to this original summons to be filed by the Chancery Court Clerk & Master.

Sworn to and subscribed before me on this _____ day of _____, 20____.

Signature of _____ Notary Public or _____ Deputy Clerk

My Commission Expires:

**NOTICE OF PERSONAL
PROPERTY EXEMPTION****TO THE DEFENDANT(S):**

Tennessee law provides a four thousand dollar (\$4,000.00) debtor's equity interest personal property exemption from execution or seizure to satisfy a judgment. If a judgment should be entered against you in this action and you wish to claim property as exempt, you must file a written list, under oath, of the items you wish to claim as exempt with the clerk of the court. The list may be filed at any time and may be changed by you thereafter as necessary; however, unless it is filed before the judgment becomes final, it will not be effective as to any execution or garnishment issued prior to the filing of the list. Certain items are automatically exempt by law and do not need to be listed; these include items of necessary wearing apparel (clothing) for yourself and your family and trunks or other receptacles necessary to contain such apparel, family portraits, the family Bible, and school books. Should any of these items be seized you would have the right to recover them. If you do not understand your exemption right or how to exercise it, you may wish to seek the counsel of a lawyer.

Mail list to: Clerk & Master
1 Public Square
Suite 308
Nashville TN 37201

Please state file number on list.

Signature of plaintiff, plaintiff's attorney or other person authorized by statute to serve process.

ATTACH
RETURN
RECEIPT
HERE
(IF APPLICABLE)

CERTIFICATION (IF APPLICABLE)

I, Cristi Scott, Clerk & Master of the Chancery Court in the State of Tennessee, Davidson County, do certify this to be a true and correct copy of the original summons issued in this case.

CRISTI SCOTT, Clerk & Master

By:

D.C. & M.

STATE OF TENNESSEE 20 TH JUDICIAL DISTRICT CHANCERY COURT	SUMMONS	CASE FILE NUMBER <div style="font-size: 1.5em; font-family: cursive;">09-904-T</div>
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<div style="display: flex; justify-content: space-between;"> <div> List each defendant on a separate summons. </div> <div> Method of Service: <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Davidson Co. Sheriff <input type="checkbox"/> *Comm. Of Insurance <input type="checkbox"/> *Secretary of State <input type="checkbox"/> *Out of County Sheriff <input type="checkbox"/> Private Process Server <input type="checkbox"/> Other *Attach Required Fees </div> </div>		
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TO THE SHERIFF: I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF ORIGINAL INSTRUMENT FILED IN MY OFFICE. THIS <u>8</u> DAY OF <u>May</u> 20 <u>09</u> BY DmL CRISTI SCOTT, CLERK & MASTER DEPUTY	DATE RECEIVED <div style="text-align: center;"> Sheriff </div>	

***Submit one original plus one copy for each defendant to be served.

ADA Coordinator, Cristi Scott (862-5710)

RETURN ON SERVICE OF SUMMONS

I hereby return this summons as follows: (Name of Party Served) _____

☐ Served _____ ☐ Not Found _____
☐ Not Served _____ ☐ Other _____

DATE OF RETURN:

By:

Sheriff/or other authorized person to serve process

RETURN ON SERVICE OF SUMMONS BY MAIL

I hereby certify and return that on the _____ day of _____, 20____, I sent, postage prepaid, by registered return receipt mail or certified return receipt mail, a certified copy of the summons and a copy of the complaint in case _____ to the defendant _____. On the _____ day of _____, 20____, I received the return receipt, which had been signed by _____ on the _____ day of _____, 20____. The return receipt is attached to this original summons to be filed by the Chancery Court Clerk & Master.

Sworn to and subscribed before me on this _____ day of _____, 20____.

Signature of _____ Notary Public or _____ Deputy Clerk

Signature of plaintiff, plaintiff's attorney or other person authorized by statute to serve process.

My Commission Expires:

**NOTICE OF PERSONAL
PROPERTY EXEMPTION****TO THE DEFENDANT(S):**

Tennessee law provides a four thousand dollar (\$4,000.00) debtor's equity interest personal property exemption from execution or seizure to satisfy a judgment. If a judgment should be entered against you in this action and you wish to claim property as exempt, you must file a written list, under oath, of the items you wish to claim as exempt with the clerk of the court. The list may be filed at any time and may be changed by you thereafter as necessary; however, unless it is filed before the judgment becomes final, it will not be effective as to any execution or garnishment issued prior to the filing of the list. Certain items are automatically exempt by law and do not need to be listed; these include items of necessary wearing apparel (clothing) for yourself and your family and trunks or other receptacles necessary to contain such apparel, family portraits, the family Bible, and school books. Should any of these items be seized you would have the right to recover them. If you do not understand your exemption right or how to exercise it, you may wish to seek the counsel of a lawyer.

Mail list to: Clerk & Master
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Nashville TN 37201

ATTACH
RETURN
RECEIPT
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(IF APPLICABLE)

Please state file number on list.

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CRISTI SCOTT, Clerk & Master

By:

D.C. & M.

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TO: (NAME AND ADDRESS OF DEFENDANT) <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> GAB ROBINS NORTH AMERICA, INC. Serve Agent for Service of Process: National Registered Agent, Inc. 2300 Hillsboro Road, Suite 305 Nashville, TN 37212-4997 </div> <div style="width: 35%;"> Method of Service: <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Davidson Co. Sheriff <input type="checkbox"/> *Comm. Of Insurance <input type="checkbox"/> *Secretary of State <input type="checkbox"/> *Out of County Sheriff <input type="checkbox"/> Private Process Server <input type="checkbox"/> Other *Attach Required Fees </div> </div>		
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Attorney for plaintiff or plaintiff if filing Pro Se: (Name, address & telephone number) Michael P. Mills, BPR #01055 Mills & Cooper 5042 Thoroughbred Lane, Suite A Brentwood, TN 37027 (615) 221-8218 (615) 221-1581 (Fax)	FILED, ISSUED & ATTESTED <div style="text-align: right; font-size: 1.2em;">MAY - 8 2009</div> CRISTI SCOTT, Clerk and Master By: <div style="display: inline-block; text-align: center;"> <div style="font-size: 1.5em; font-family: cursive;">Dm</div> Deputy Clerk & Master </div>	
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TO THE SHERIFF: I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF ORIGINAL INSTRUMENT FILED IN MY OFFICE. THIS <u>8</u> DAY OF <u>May</u> 2009 CRISTI SCOTT, CLERK & MASTER BY <div style="display: inline-block; text-align: center;"> <div style="font-size: 1.5em; font-family: cursive;">Dm</div> DEPUTY </div>	DATE RECEIVED <div style="text-align: center;"> <div style="font-size: 1.5em; font-family: cursive;">Dm</div> Sheriff </div>	

***Submit one original plus one copy for each defendant to be served.

ADA Coordinator, Cristi Scott (862-5710)

IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE

ALEX SCHAUFFERT,)
)
Plaintiff,)
)
Vs.) No. _____
)
) JURY DEMAND
CERTAIN UNDERWRITERS AT)
LLOYD'S LONDON, GAB ROBINS)
NORTH AMERICA, INC.,)
and BRAUN CONSTRUCTION)
SERVICES, INC.,)
)
Defendants.)

COMPLAINT

Comes Alex Schaufert, Plaintiff, and for his cause of action against the Defendants
states as follows:

1. The Plaintiff Alex Schaufert ("Schauffert") is a resident of the State of California.
Schauffert owns a residential apartment building located at 316 Nix Dr., Madison,
Tennessee, 37115.
2. Certain Underwriters at Lloyd's London ("Lloyd's"), specifically underwriters identified
as follows:

1084 CSL 07247Z09AA
33 HIS 76611J3AAZBB
807 SDM E4000909736X
1200 HMA 0410209AR000
510 KLN FAQA09EZPZ
2987 BRT JA007J09A000
2010 MMX D09F0910A000

2000 QBP 808D00002870
780 ADV D2285422A091
1206 SAL 09J05202ANN0
2003 SJC NB6000194938
4444 CNP B08130EAA
2121 ARG M08797SA109X

insured Schauffert's property, at all times pertinent to the facts of this case, under Policy and Certificate Number 38733. A copy of the Policy is attached as Exhibit A.

3. GAB Robins North America, Inc. ("GAB") is a Delaware corporation doing business in Tennessee as an independent claim adjusting company for insurers such as Lloyd's. GAB acted as the local adjuster for Lloyd's on Schauffert's claim in this matter.
4. Braun Construction Services, Inc. ("Braun") is a Tennessee corporation doing business in Tennessee as a general contractor. Braun came to Schauffert's property at the request and direction of Lloyd's and GAB to perform repairs and dry out the property after the loss.

FACTS

5. The property subject of this lawsuit is located at 316 Nix Dr., Madison, Tennessee, is referred to as the Shannondale "A" Building, and is an eight ("8") unit residential apartment building. The Policy refers to the address as 316 Nix "Ave.," but Schauffert does not believe the identity of the property is in dispute. Seven ("7") of the eight ("8") units were rented at the time of the loss.
6. In the early morning hours of January 27, 2009, Cathy Watry ("Watry"), Schauffert's property manager for the Shannondale Property, received phone calls from tenants stating that water was entering the building. It was raining heavily and had been the

previous day. Due to the cold temperatures there was also freezing rain, and rain that had fallen was freezing on the roof. Watry and others immediately began covering the roof and trying to dry up the water that had already entered the building. Schaufert was later to learn that parts of the roof had collapsed allowing water to enter the building.

7. Watry contacted the local insurance agent who had helped place the policy and, on information and belief, he submitted the Acord Property Loss Notice to Lloyd's representatives to start the claim process. The Acord Property Loss Notice is attached as Exhibit B.
8. Watry and others contacted by her continued to try to protect the property and tenants in the building. Brad Espey ("Espey") of GAB called Watry on the afternoon of January 27, 2009 to advise that GAB had been retained to act as the adjuster for Lloyd's. Espey advised that he was sending a water removal company to the property the next morning.
9. On the morning of January 28, 2009, Espey again contacted Watry to advise Braun was on their way to the property to begin the drying process and to begin construction of a temporary roof. He advised at that time that the temporary roof was covered under the policy, as was the demolition of the wet areas and the rebuilding.
10. At about 8:30 AM on January 28, 2009, Brent Easterwood ("Easterwood") of Braun appeared, along with about sixteen (16) workers. Watry was not present, but Easterwood found Jim Watry, Watry's husband, who was at the property trying to help dry the property out. Easterwood requested he sign a document labeled "ACCESS AND AUTHORIZATION," so that they could enter the property and begin the drying process and working on the temporary roof. Jim Watry signed the document with the understanding that it was merely to allow Braun access to the property, per instructions

from the adjusting company. Jim Watry had no authority to sign or contract on behalf of Schauffert, and did not intend to do so. A copy of the "ACCESS AND AUTHORIZATION" document is attached as Exhibit C.

11. In fact, this "ACCESS AND AUTHORIZATION" is a purported agreement to bind the signatory to pay Braun for an open-ended amount for all work needed for the repairs, appoint Braun to endorse and sign checks from any insurer for the work, and authorize payment of attorney's fees and costs in case of the need for collection. None of these clauses were disclosed to Schauffert or Watry, or even to Jim Watry, who signed it.
12. On becoming aware of the contents of the "ACCESS AND AUTHORIZATION" document, Watry on behalf of Schauffert at 9:00 AM on January 30, 2009 sent a facsimile letter to Braun, copied to Espey, stating that Jim Watry did not have the authority to enter any binding contract, and that Schauffert did not authorize Braun to do any work "not authorized and agreed to be paid for by the insurance company." Watry, also, spoke by telephone to Espey and Easterwood at 9:00 AM on January 30, 2009 to confirm the limitations on Braun's actions from Schauffert. A copy of the letter of January 30, with facsimile confirmation, is attached as Exhibit D.
13. Braun's work at the property continued until February 5, 2009. The vast majority of the work was done after 9:00 AM on January 30, 2009 and Watry was repeatedly advised by Espey that the temporary roof, the drying process, and the demolition and rebuild were covered under the policy. The only question about coverage, according to Espey, was whether the permanent roof would be covered under the policy. Schauffert relied on these assurances of coverage.

14. Braun, in fact, did considerable damage to the property. They appear to have made extensive use of unskilled laborers, who did more harm than good. They removed most of the interior dry wall, a great deal of it unnecessarily, ripped out cabinets, and fixtures, and generally destroyed the interior of the property. They knocked a hole in an exterior wall. Numerous fixtures, and items such as doors and blinds, have now disappeared from the property. The cost to repair the property is now far greater than it would have been, but for Braun's actions, due to their destruction of property and resulting necessary Metro Code upgrades.
15. Lloyd's and GAB sent an engineer to inspect the roof on January 29 to determine the cause of the roof collapse. Schauffert and Watry understood from Espey that the purpose of the inspection was to determine if the replacement of the roof was covered. Watry's conversations with the engineer led her to the same conclusion. The engineer's report, received later by Schauffert, references the "collapse" of the roof and lists the weight of ice and water as combining with deteriorated roof sheathing to cause the failure of the roof to occur "suddenly and dumped a large amount of water in the apartments." Schauffert had maintained the roof adequately to his knowledge, and any decay was hidden from view and not known to him prior to the collapse.
16. Schauffert and Watry continued to receive estimates and communications from GAB regarding the repairs to the property throughout February and into March 2009. There was no indication of any problem with coverage for the damages, other than whether the roof itself would be repaired under the policy. Schauffert delayed construction, waiting on what he thought was approval of the estimates by Lloyd's. Schauffert performed all conditions and duties required of him as an insured under the policy. On March 20,

2009 Lloyd's Claims Administrator sent a letter to Schauffert denying coverage for any of the damages or repair costs. A copy of the denial letter is attached at Exhibit E.

17. Lloyd's, also, refused to pay Braun, and Schauffert has received a bill from Braun for their work in the amount of \$82,153.99. A copy of their invoice and collection letter dated April 17, 2009 is attached as Exhibit F.

CAUSES OF ACTION

LLOYD'S

18. Lloyd's has breached the policy of insurance in failing to pay for damage caused by the collapse of the roof on January 27, 2009. Specifically, but without excluding his rights under other provisions of the policy, Schauffert states the policy provides:

CAUSES OF LOSS – SPECIAL FORM

D. Additional Coverage – Collapse

The term Covered Cause of Loss includes the Additional Coverage. Collapse as described and limited in D.1 through D.5 below:

1. With respect to buildings:
 - a. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused

by collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:

b. Decay that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Weight of rain that collects on a roof;

CP 10 30 10 00
Page 6 of 7

Despite the finding of their own engineer that the collapse was the result of decay hidden from view and the weight of rain collecting on the roof, Lloyd's denied the claim. This constitutes a breach of the policy.

19. Lloyd's, through its agents, deceived Schauffert into believing he had coverage under the policy. Schauffert relied on the representations of coverage to his detriment, causing Schauffert to incur damages, delays, and expenses he would not otherwise have experienced or incurred. These include, but are not limited to, the delay in beginning construction, the unnecessary damage caused by Braun, loss of income from rents, storage costs, additional construction costs to meet applicable Metro Code requirements in rebuilding the portions of the building destroyed by Braun, and fees and costs associated with Metro Code requirements.

20. The acts of Lloyd's, as set out herein, constitute violations of the Tennessee Consumer Protection Act, T.C.A. Section 47-18-101, et seq., specifically:
T.C.A. Sections 47-18-104, (b), (2), (3), (5), (27).

GAB

21. GAB, through its agent, deceived Schaufert into believing he had coverage under the policy. Schaufert reasonably relied on the representations of coverage to his detriment, causing Schaufert to incur damages, delays, and expenses he would not otherwise have experienced or incurred. These include, but are not limited to, the delay in beginning construction, the unnecessary damage caused by Braun, loss of income from rents, storage costs, additional construction costs to meet applicable Metro Code requirements in rebuilding the portions of the building destroyed by Braun, and fees and costs associated with Metro Code requirements.
22. The acts of GAB, as set out herein, constitute violations of the Tennessee Consumer Protection Act, T.C.A. Section 47-18-101, et seq., specifically:
T.C.A. Sections 47-18-104, (b), (2), (3), (5), (27).

BRAUN

23. Braun damaged the property, and demolished parts of the building unnecessarily, in an effort to run up their charges. They are wrongfully attempting to collect these charges from Schaufert, despite having no contract with him.

24. Having been advised by letter dated January 30, 2009, Exhibit D, that no work was authorized other than what Lloyd's would pay, Braun continued to run up charges for unnecessary and destructive work for which it now seeks to hold Schauffert responsible. Schauffert relied on Braun to abide by the instructions contained in Exhibit D. By continuing to work after January 30, 2009, Braun was affirming that work was done under the conditions set out in the letter of the same date.

25. Braun, or its employees, converted or broke certain fixtures in the building including, but not limited to:

Cupboards

Light fixtures

Ceiling lights/fans

Interior doors

Blinds

Window locks

Vanities

Exhaust Fans/lights

Shelves

Sinks

They, also, specifically damaged floors and an exterior wall.

26. The acts of Braun, as set out herein, constitute violations of the Tennessee Consumer Protection Act, T.C.A. Section 47-18-101, et seq., specifically:
T.C.A Sections 47-18-104, (b), (2), (3), (5), (27).

DAMAGES

27. The Defendants, jointly and severally, are liable for the following damages:
- a. the cost to rebuild and replace the damaged portion of the building, which is currently estimated to be \$191,161.87;
 - b. the cost of temporary repairs to the building;
 - c. the cost of storage pods for the storage of personal property contained in the building at the time of the loss;
 - d. loss of income from rents;
 - e. Additional costs incurred to finance rebuilding and repairs due to the actions and failure to pay of the Defendants;
 - f. Punitive and treble damages pursuant to the Tennessee Consumer Protection Act;
 - g. Attorney fees pursuant to the Tennessee Consumer Protection Act; and
 - h. Prejudgment and Postjudgment interest.
28. Further, Schauffert requests the Court determine what, if any, portion of Braun's charges he owes and what part, if any, is owed by Lloyd's and Braun.

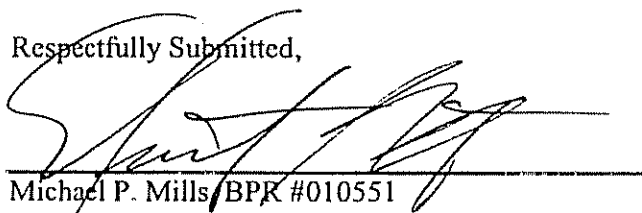
WHEREFORE, PREMISES CONSIDERED,

Schauffert demands:

1. The Defendants be required to answer this Complaint and the averments made herein;

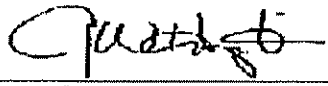
2. The Defendants be required to pay the contractual, tortuous and statutory damages set out herein, including, compensatory and punitive damages, attorney's fees, and interest in an amount not to exceed \$1,000,000.00.
3. The Court determine the obligations, if any, of the parties for Braun's charges;
4. A jury to try this cause; and
5. Such, other, further, and general relief as this Court may deem appropriate.

Respectfully Submitted,



Michael P. Mills/BPK #010551
Mills & Cooper
5042 Thoroughbred Lane
Brentwood, Tennessee 39027
615-221-8218

SURPLUS LINES DECLARATION

Policy Number 38733		Insured Name Alex Schaufert	
Producer: Surplus Lines Agent:	Braishfield Associates, Inc. 5955 T.G. Lee Blvd., Suite 200 Orlando, FL 32822 Graham Whitmore Hopkins 5955 T.G. Lee Blvd., Suite 200 Orlando, FL 32822 License #: 0000002795	Premium: \$2,947.00	
		Policy Fee: 25.00	
		Inspection Fee: 150.00	
		Tax: 101.47	
		Fee: 0.00	
		Total: \$3,223.47	
Producing Agent: Robert John Martinek 311 E Main Street Hendersonville TN 37075 - Lic#904782			
THIS INSURANCE CONTRACT IS WITH AN INSURER NOT LICENSED TO TRANSACT INSURANCE IN THIS STATE AND IS ISSUED AND DELIVERED AS A SURPLUS LINES COVERAGE PURSUANT TO THE TENNESSEE INSURANCE STATUES.			
Date:		 Surplus Lines Agent	

02/09/2009

**Exhibit
A**

BAI 4100TN 12/08



Lloyds Certificate

This Insurance is effected with certain Underwriters at Lloyd's, London.

This Certificate is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

Braishfield Associates, Inc.
5955 T. G. Lee Blvd., Ste 200
Orlando, FL 32822

CERTIFICATE PROVISIONS

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page
2. **Correspondent Not Insurer.** The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
3. **Cancellation.** If this Certificate provides for cancellation and this Certificate is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Assignment.** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
5. **Attached Conditions Incorporated.** This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.

SLC-3 (USA) NMA 2868 (24/08/2000)
Form approved by Lloyd's Underwriters Non-Marine Association Limited

This Declaration Page is attached to and forms part of Certificate provisions (Form SLC-3 USA NMA 2868)

Previous No 33929

Authority Ref. No. BO66409BAI818

Certificate No. 38733

1 Name and address of the Insured: **Alex Schauffert**
517 Gordon Ct
Benicia, CA 94510

Agency: Martinek Family Agency

311 E Main Street Suite 5, Hendersonville, TN 37075

Agent: Robert John Martinek
311 E Main Street
Hendersonville TN 37075

2 Effective from 02/09/2009 to 02/09/2010
both days at 12:01 a.m. standard time.

3 Insurance is effective with certain **UNDERWRITERS AT LLOYD'S, LONDON.**
Percentage: 100%
c/o Braishfield Associates, Inc
5955 T G Lee Blvd., Ste 200
Orlando, FL 32822

4	Amount	Coverage	Premium:	Premium
				\$2,947.00
			Policy Fee:	25.00
			Inspection Fee:	150.00
			Surplus Lines Tax:	101.47
			Surplus Lines Fee:	0.00
			Other Tax:	0.00
			Other Fee:	0.00
			Total:	\$3,223.47

SEE ATTACHED SCHEDULE

5 Forms attached hereto and special conditions:

- Deductible: \$1,000

-n

25% minimum earned premium
See BAI00/011205 for list of included policy forms

6 Service of Suit may be made upon: (See NMA 1998)

Dated 02/09/2009

By 
Correspondent

LLOYD'S

One Lime Street London EC3M 7HA

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Policy No. 38733

Effective Date: 02/09/2009 12:01 A.M. Standard Time

BUSINESS DESCRIPTION: Apt/Condo Association <4 Stories

DESCRIPTION OF PREMISES

PREM LOCATION

1 316 Nix Ave, Madison, TN 37115

COVERAGES PROVIDED (Insurance at the described premises applies only for coverage for which a limit of insurance is listed)

PREM	BLDG	COVERAGE	LIMIT	CAUSE OF LOSS	COINSURANCE	VALUATION
1	1	Building	\$380,000	Special Special	90%	Replacement Cost

BUSINESS INCOME

PREM	BLDG	COVERAGE	LIMIT	CAUSE OF LOSS-COINS %	OPT COVERAGE
1	1	BI w/o Extra Exp-i:cl rental	\$72,000	s 80% coinsurance	

DEDUCTIBLES - ALL LOCATIONS

DEDUCTIBLE: \$ 1,000 WIND/HAIL DEDUCTIBLE: \$Same as all Other Perils

FORMS AND ENDORSEMENTS ARE SHOWN ELSEWHERE IN THIS POLICY

BAI4150 05/08

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. -- Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this Section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. **Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
 - b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
 - c. Automobiles held for sale;
 - d. Bridges, roadways, walks, patios or other paved surfaces;
 - e. Contraband, or property in the course of illegal transportation or trade;
 - f. The cost of excavations, grading, backfilling or filling;
 - g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
 - h. Land (including land on which the property is located), water, growing crops or lawns;
 - i. Personal property while airborne or waterborne;
 - j. Bulkheads, pilings, piers, wharves or docks;
 - k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
 - l. Retaining walls that are not part of a building;
 - m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
 - o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
 - (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.
 - p. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage

(2) Debris Removal does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no coinsurance penalty.

Example #1

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense Payable	\$ 10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 80,000
Amount of Loss Payable	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$ 30,000
Debris Removal Expense Payable	
	Basic Amount \$ 10,500
	Additional Amount \$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with
- (5) Under this Additional Coverage, we will not pay any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

(i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

(1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.

(2) Personal property of others in your care, custody or control

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property

c. Valuable Papers And Records – Cost Of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$2,500 at each described premises, unless a higher limit is shown in the Declarations.

d. Property Off-Premises

(1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate;

(b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

(a) In or on a vehicle; or

(b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-Owned Detached Trailers

(1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

- (a) The trailer is used in your business;
- (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
- (c) You have a contractual responsibility to pay for loss or damage to the trailer

(2) We will not pay for any loss or damage that occurs:

- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
- (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance

Payments under the Preservation of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible:	\$	250
Limit of Insurance Bldg. 1:	\$	60,000
Limit of Insurance Bldg. 2:	\$	80,000
Loss to Bldg. 1:	\$	60,100
Loss to Bldg. 2:	\$	90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$ 60,100
<u>250</u>
\$ 59,850 Loss Payable Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000

Total amount of loss payable: \$59,850 + 80,000 = \$139,850

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$ 70,000
(exceeds Limit of Insurance plus Deductible)
Loss to Bldg. 2: \$ 90,000
(exceeds Limit of Insurance plus Deductible)
Loss Payable Bldg. 1: \$60,000
(Limit of Insurance)
Loss Payable Bldg. 2: \$80,000
(Limit of Insurance)
Total amount of loss payable:
\$140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions

1. Abandonment

There can be no abandonment of any property to us

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance

6. Vacancy

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.

- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure

 - (3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

- (1) Blank materials for reproducing the records; and

- (2) Labor to transcribe or copy the records when there is a duplicate.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When:	The value of the property is	\$ 250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$ 100,000
	The Deductible is	\$ 250
	The amount of loss is	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = 50$

Step (3): $\$40,000 \times 50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:	The value of the property is	\$ 250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$ 200,000
	The Deductible is	\$ 250
	The amount of loss is	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:	The value of property is:	
	Bldg. at Location No. 1	\$ 75,000
	Bldg. at Location No. 2	\$ 100,000
	Personal Property at Location No. 2	\$ 75,000
		\$ 250,000
	The Coinsurance percentage for it is	90%
	The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	\$ 180,000
	The Deductible is	\$ 1,000
	The amount of loss is:	
	Bldg. at Location No. 2	\$ 30,000
	Personal Property at Location No. 2	\$ 20,000
		\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \times \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:	The applicable Limit of Insurance is	\$ 100,000
	The annual percentage increase is	8%
	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is $\$100,000 \times .08 \times 146 \div 365 =$	\$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "Stock", unless the Including "Stock" option is shown in the Declarations

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and

- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
- (a) Of comparable material and quality; and
- (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property
- If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance

H. Definitions

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping

DEDUCTIBLE CLAUSE No. 1

COMPANY	POLICY NO.	AGENCY
Underwriters at Lloyds, London	38733	Braishfield Associates, Inc. Orlando, Florida

1 This Company shall be liable only when the whole loss exceeds the deductible amount shown on the Declarations, and then for only the amount of such excess, but, in the event there is any other insurance covering the property (or which would have covered the property except for the existence of this insurance) against the peril(s) which caused the loss (whether collectible or not), then this Company shall be liable for only its proportion of the amount of such excess. Such proportion shall be determined in the same manner as this Company's proportion of the whole loss would be determined.

2 The whole loss as used herein is defined as the amount which would be recoverable under this policy and any other insurance covering the property (or which would have covered the property except for the existence of this insurance), against the peril(s) which caused the loss (whether collectible or not), in any one occurrence, disregarding this deductible clause and any other deductible provisions in this policy or in such other insurance policies.

3 The provisions of this deductible clause shall apply only to those coverages described herein, and will not change any other deductible provisions in the policy to which this deductible clause is attached.

4 When Business Income Coverage Form applies, the following is included:

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence. This deductible will not be applied in addition to a deductible for loss under the Building and Personal Property Coverage Form.

If this policy covers on two or more items of insurance, the provisions of this clause shall apply once per occurrence.

The Windstorm or Hail Percentage Deductible form, and any minimum windstorm or hail deductible, will apply to Business Income Coverage under this policy. The deductible percentage will apply separately to each Business Income Limit.

5 When Windstorm/Hail deductible dollar amount is shown, the following is included:

The Windstorm or Hail Deductible, as shown on the Declarations, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for the Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail. The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

If this policy covers on two or more locations, the provisions of this clause shall apply once per location per occurrence.

DED1-05/06

BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G. – Definitions.

A. Coverage

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (i) Business Income including "Rental Value".
- (ii) Business Income other than "Rental Value".
- (iii) "Rental Value".

If option (i) above is selected, the term Business Income will include "Rental Value". If option (iii) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (i) The portion of the building which you rent, lease or occupy; and
- (ii) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

2. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

3. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

The Coinsurance condition does not apply specifically to such Expenses to Reduce Loss, but it is used as described above to determine the total amount payable.

b. Civil Authority

We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage begins 72 hours after the time of that action, and will apply for a period of up to three consecutive weeks from the date on which the coverage begins.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

4. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions
- b. The most we will pay for loss under this Extension is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extended Business Income;
4. Expenses to Reduce Loss.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:
 - (1) Notify the police if a law may have been broken

- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (7) Cooperate with us in the investigation or settlement of the claim.

- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limitation – Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or

- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 September 1. Loss during the period September 2 October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 September 29 (60 consecutive days). Loss during the period September 30 October 15 is not covered.

4. Loss Determination

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

- (4) Other relevant sources of information, including:

- (a) Your financial records and accounting procedures;
- (b) Bills, invoices and other vouchers; and
- (c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

E. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations; times
- b. The sum of:
 - (1) The Net Income (Net Profit or Loss before income taxes), and
 - (2) Operating expenses, including payroll expenses, that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later)

Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1; and
3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3 or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

1. Prepaid freight outgoing;
2. Returns and allowances;
3. Discounts;
4. Bad debts;
5. Collection expenses;
6. Cost of raw stock and factory supplies consumed (including transportation charges);
7. Cost of merchandise sold (including transportation charges);
8. Cost of other supplies consumed (including transportation charges);
9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
10. Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
11. All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$150,000

The amount of loss is \$ 80,000

Step 1: $\$400,000 \times 50\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000 \div \$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$200,000

The amount of loss is \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

F. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income is the lesser of:

(1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or

(2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When:	The Limit of Insurance is	\$120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	
	$\$120,000 \times 1/4 = \$30,000$	
	If, in this example, the actual amount of loss is:	
	Days 1-30	\$40,000
	Days 31-60	20,000
	Days 61-90	<u>30,000</u>
		\$90,000
	We will pay:	
	Days 1-30	\$30,000
	Days 31-60	20,000
	Days 61-90	<u>30,000</u>
		\$80,000

The remaining \$10,000 is not covered

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by

- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value

Example

When:	The Limit of Insurance is	\$100,000
	The Agreed Value is	\$200,000
	The amount of loss is	\$80,000
Step (a):	$\$100,000 \div \$200,000 = .50$	
Step (b):	$.50 \times \$80,000 = \$40,000$	

We will pay \$40,000 The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.3.d., **Extended Business Income**, the number "30" in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

G. Definitions

1. "Finished Stock" means stock you have manufactured

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
- Your business activities occurring at the described premises; and
 - The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.
3. "Period of Restoration" means the period of time that:
- Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - Ends on the earlier of:
 - The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - The date when business is resumed at a new permanent location.
- "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- Regulates the construction, use or repair, or required the tearing down of any property; or
 - Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"
- The expiration date of this policy will not cut short the "period of restoration".
4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means the:
- Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
 - Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
 - Fair rental value of any portion of the described premises which is occupied by you.
6. "Suspension" means:
- The slowdown or cessation of your business activities; or
 - That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
 2. Limited in Section C., Limitations;
- that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in Paragraph B.4.a.(1) applies to these coverages.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

Exclusions B.1.a. through B.1.g. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.

- d. (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This Exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 - of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

- a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss

(2) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense

(3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(4) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract" beyond the "period of restoration".

(6) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a. Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance Or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War And Military Action

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
However, this limitation does not apply to:
 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income coverage or Extra Expense coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings and card index systems, including those which exist on film, tape, disc, drum, cell or other data processing, recording or storage media. Valuable papers and records do not include prepackaged software programs.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - d. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
However, this limitation does not apply:
 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income coverage or to Extra Expense coverage.
3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.
- These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.
- This limitation, C.3., does not apply to Business Income coverage or to Extra Expense coverage.
4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.
- However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage – Collapse

The term Covered Cause of Loss includes the Additional Coverage Collapse as described and limited in D.1. through D.5. below.

1. With respect to buildings:

- a. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
- b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- c. A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
- d. A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion

2. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
- b. Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- c. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in 2.a. through 2.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in 1.a. through 1.d. do not limit the coverage otherwise provided under this Causes of Loss Form for the causes of loss listed in 2.a., 2.d. and 2.e.

3. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in 2.b. through 2.f., we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
- b. The property is Covered Property under this Coverage Form.

4. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse was caused by a Cause of Loss listed in 2.a. through 2.f. above;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in 3. above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 4. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

5. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory

b. Loss or damage must be caused by or result from one of the following causes of loss:

- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays

This Coverage Extension, E.3., does not increase the Limit of Insurance

F. Definitions

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

2. Falling objects does not include loss or damage to:

- a. Personal property in the open; or
- b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

DEDUCTIBLE CLAUSE No. 1

COMPANY	POLICY NO.	AGENCY
Underwriters at Lloyds, London	38733	Braishfield Associates, Inc Orlando, Florida

1 This Company shall be liable only when the whole loss exceeds the deductible amount shown on the Declarations, and then for only the amount of such excess, but, in the event there is any other insurance covering the property (or which would have covered the property except for the existence of this insurance) against the peril(s) which caused the loss (whether collectible or not), then this Company shall be liable for only its proportion of the amount of such excess. Such proportion shall be determined in the same manner as this Company's proportion of the whole loss would be determined.

2 The whole loss as used herein is defined as the amount which would be recoverable under this policy and any other insurance covering the property (or which would have covered the property except for the existence of this insurance), against the peril(s) which caused the loss (whether collectible or not), in any one occurrence, disregarding this deductible clause and any other deductible provisions in this policy or in such other insurance policies.

3 The provisions of this deductible clause shall apply only to those coverages described herein, and will not change any other deductible provisions in the policy to which this deductible clause is attached

4 When Business Income Coverage Form applies, the following is included:

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence. This deductible will not be applied in addition to a deductible for loss under the Building and Personal Property Coverage Form.

If this policy covers on two or more items of insurance, the provisions of this clause shall apply once per occurrence

The Windstorm or Hail Percentage Deductible form, and any minimum windstorm or hail deductible, will apply to Business Income Coverage under this policy. The deductible percentage will apply separately to each Business Income Limit

5. When Windstorm/Hail deductible dollar amount is shown, the following is included:

The Windstorm or Hail Deductible, as shown on the Declarations, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for the Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail. The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

If this policy covers on two or more locations, the provisions of this clause shall apply once per location per occurrence.

DED1-05/06

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as

the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance

Braishfield Associates, Inc.
Privacy Notice

We collect nonpublic personal information about you from the following sources: (a) Information we receive from you on applications, claim and other forms; (b) Information about your transactions with us, our affiliates, or others; and (c) Information we receive from a consumer reporting agency and claims processing entity. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

We restrict access to nonpublic personal information about you to employees and 3rd parties contractually bound to keep all such information confidential. We also maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

We may disclose all of the information we collect, as described above, to companies that perform insurance and marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements in connection with your policy program.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund
6. If notice is mailed, proof of mailing will be sufficient proof of notice

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property

EXCLUSION – TOTAL MOLD, MILDEW OR OTHER FUNGI

THIS ENDORSEMENT CHANGES THE POLICY. READ IT CAREFULLY.

Notwithstanding any provisions to the contrary within the policy of which this endorsement forms a part, or within any other endorsement, which forms a part of this policy, we do not cover:

- a. Property damage; or
- b. Bodily injury; or
- c. Debris removal; or
- d. Loss of use; or
- e. Additional living expenses (ALE); or
- f. Medical payments to others; or
- g. Personal injury; or
- h. Business interruption losses; or
- i. Any increase in insured loss, damage, cost, or expense; or
- j. Any loss, cost, expense, fine, or penalty which is incurred, sustained or imposed by order, direction, instruction or request of or by agreement with any court, governmental agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation); or
- k. Any loss, damage, cost or expense

in connection with or arising out of exposure to or the manifestation, release, dispersal, seepage, migration, discharge, appearance, presence or growth of mold, mildew, mycotoxins, fungi or organic pathogens. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

The term "organic pathogen" or "organic pathogens" means any organic irritant or contaminant including but not limited to the following: mold, fungus, bacteria, or virus including but not limited to their by-products such as mycotoxins, mildew, or biogenic aerosol. "Organic pathogen" includes but is not limited to the following fungi or mycotoxins produced by such fungi: *Aspergillus*, *Penicillium*, *Stachybotrys chartarum*, *Trichodema*, and *Fusarium Memnoniella*.

This exclusion also applies to any claim arising out of allegations of acts or omission by or on behalf of the insured in connection with exposure to or the manifestation, release, dispersal, seepage, migration, appearance, presence or growth of mold, mildew, mycotoxins, fungi or organic pathogens. There shall be no obligation to defend the insured against any claim or loss excluded by this endorsement regardless of whether the allegations forming the basis of the claim or loss are groundless, false or fraudulent.

This exclusion includes but is not limited to (1) any cost, expense or charge to test, monitor cleanup, remediate, remove, contain, treat, detoxify, neutralise, rehabilitate, or in any way respond to or assess the effects of mold, mildew, mycotoxins, fungi, or organic pathogen; or (2) any cost, expense, or escape, exposure to, manifestation, appearance, presence, or growth of mold, mildew, mycotoxins, fungi or organic pathogens.

BAI 6165 (01/02)

**U.S. Terrorism Risk Insurance Act of 2002 as amended
Not Purchased Clause**

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5092
21/12/2007

Form approved by Lloyd's Market Association

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

NMA2962

06/02/03

Form approved by Lloyds Market Association [Non-Marine]

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or
- (c) any loss, damage, cost, expense, time or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulations; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is canceled and replaced by the following:

1. In the event of physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations and method of calculation below, and to all the other terms and condition of the Policy, costs or expenses;
 - (a) which are reasonably and necessarily incurred by the Assured in the removal from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
 - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
2. In calculation the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
 - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US \$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
 - (b) the amount of such costs or expenses as limited in (a) above shall be added to :
 - (i) the amount of the Damage or Destruction; and
 - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

24/11/88
NMA 2340

ELECTRONIC DATA ENDORSEMENT B

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils:

Fire

Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

NMA2915 25/01/01

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD) (U.S.A.)

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This Policy* does not apply:

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction:
 - (a) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if:
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (b) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility,

but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means:

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (c) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

* NOTE: As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

17/3/60
NMA1256

LLOYD'S PRIVACY POLICY STATEMENT UNDERWRITERS AT LLOYD'S, LONDON

The Certain Underwriters at Lloyd's, London want you to know how we protect the confidentiality of your non-public personal information. We want you to know how and why we use and disclose the information that we have about you. The following describes our policies and practices for securing the privacy of our current and former customers.

INFORMATION WE COLLECT

The non-public personal information that we collect about you includes, but is not limited to:

- Information contained in applications or other forms that you submit to us, such as name, address, and social security number
- Information about your transactions with our affiliates or other third-parties, such as balances and payment history
- Information we receive from a consumer-reporting agency, such as credit-worthiness or credit history

INFORMATION WE DISCLOSE

We disclose the information that we have when it is necessary to provide our products and services. We may also disclose information when the law requires or permits us to do so.

CONFIDENTIALITY AND SECURITY

Only our employees and others who need the information to service your account have access to your personal information. We have measures in place to secure our paper files and computer systems.

RIGHT TO ACCESS OR CORRECT YOUR PERSONAL INFORMATION

You have a right to request access to or correction of your personal information that is in our possession.

CONTACTING US

If you have any questions about this privacy notice or would like to learn more about how we protect your privacy, please contact the agent or broker who handled this insurance. We can provide a more detailed statement of our privacy practices upon request.

06/03
LSW1135B

TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

08/10/01
NMA2920

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- (a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
- (b) any change, alteration, or modification involving the date change to the year 2000, or any other date change including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

17/12/97
NMA 2802

SEVERAL LIABILITY NOTICE

The subscribing insurers obligation under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

LSW 1001 (Insurance)
U.S.A. & CANADA

WAR AND CIVIL WAR EXCLUSION CLAUSE

Notwithstanding anything to the contrary contained herein this Policy does not cover Loss or Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by under the order of any government or public or local authority.

1/1/38
N.M.A. 464

CANCELLATION CLAUSE

(Approved by Lloyd's Underwriters' Fire and Non-Marine Association)

NOTWITHSTANDING anything contained in this Insurance to the contrary this Insurance may be cancelled by the Assured at any time by written notice or by surrender of this contract of insurance. This Insurance may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assureds address shown in this Insurance, written notice stating when, not less than ten days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the customary short rate proportion of any minimum premium stipulated herein whichever is the greater.

If this Insurance shall be cancelled by or on behalf of the Underwriters the Underwriters shall retain the pro rata proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

20/4/61
N.M.A. 1331
U.S.A.

**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE—
PHYSICAL DAMAGE—DIRECT**

(Approved by Lloyd's Underwriters' fire and Non-Marine Association)

This policy does not cover any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused *NEVERTHELESS if the Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this policy) be covered EXCLUDING however all loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from the Fire.

*NOTE - If Fire is not an insured peril under this policy the words from "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59
N.M.A. 1191

SERVICE OF SUIT CLAUSE (U.S.A)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwrites hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or seek a transfer of a case to another Court as permitted by the laws of United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon

Mendes & Mount
750 Seventh Ave.
New York, NY 10019-6829

,and
that in any suit instituted against any one of them upon this contract. Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept the service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or true copy thereof.

N.M.A 1998 (24/4/86) form approved by Lloyd's Underwriters Non-Marine Association
U.S.A AND CANADA

Braishfield Associates, Inc
Property Binding Authority
Section: Property

Underwriters at Lloyd's, London

22 5000 %	1084	CSL	07247Z09AA
12 8358 %	33	HIS	76611J3AAZBB
12 1094 %	807	SDM	E4000909736X
3 6328 %	1200	HMA	0410209AR000
7 2656 %	510	KLN	FAQA09EZPZ
8 4766 %	2987	BRT	JA007J09A000
7 2656 %	2010	MMX	D09F0910A000
5 8125 %	2000	QBP	808D00002870
4 8438 %	780	ADV	D2285422A091
2 9063 %	1206	SAL	09J05202ANN0
3 6328 %	2003	SJC	NB6000194938
4 1172 %	4444	CNP	B08130EAA
4 6016 %	2121	ARG	M08797SA109X
100 00 %			

LLS2009

BO66409BAI818

SCHEDULE OF FORMS AND ENDORSEMENTS

Policy Number	Insured Name
38733	Alex Schaufert
Forms and endorsements made part of policy –	
BAI4100TN1208	Surplus Lines Declaration
SLC3NMA2868	Lloyds Certificate
BAI41500508	Commercial Property Coverage Part Dec
CP00101000	Building and Personal Property Coverage
DED10506	Lloyds Deductible Clause 1 - 2006
CP00321000	Business Income without Extra Expense
CP10301000	Causes of Loss-Special Form
CP00900788	Commercial Property Conditions
BAI09740102	Braishfield Privacy Notice
IL00171198	Common Policy Conditions
LMA5092	Lloyds Terrorism Exclusion
NMA2962	Biological or Chemical Materials Excl
BAI61650102	Mold Exclusion
NMA23401188	Land Water Air-Pollution Excl-Debris Rem
NMA29150101	Electronic Data Endorserment B
NMA12560360	Nuclear Incident Exclusion Clause
LSW1135B0603	Lloyds Privacy Policy Statement
NMA29201001	Terrorism Exclusion Endorsement
NMA28021297	Electronic Data Recognition Exclusion
LSW1001	Several Liability Notice
NMA4640138	War and Civil War Exclusion Clause
NMA13310461	Cancellation Clause
NMA11910559	Radioactive Contamination Excl Clause
NMA19980486	Service of Suit Clause
LLS2009	Lloyds Syndicate Schedule - 2009
BAI00011205	Forms List

BAI0001 1205

ACORDTM PROPERTY LOSS NOTICE										DATE (MM/DD/YYYY) 01/27/2009																									
PRODUCER Martinek Family Insurance 311 E Main Street Ste 5 Hendersonville, TN 37075			PHONE (A/C, No, Ext): 615-826-0560			MISCELLANEOUS INFO (Site & location code)			DATE OF LOSS AND TIME 01/27/2009 12:01		<input checked="" type="checkbox"/> AM <input type="checkbox"/> PM	PREVIOUSLY REPORTED <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO																							
CODE:			SUB CODE:			POLICY TYPE			COMPANY AND POLICY NUMBER		NAIC CODE																								
AGENCY CUSTOMER ID			FLOOD			WIND			CO: Lloyds of London POL: BO6640681821576		POLICY DATES EFF: 02/09/2008 EXP: 02/09/2009																								
INSURED			NAME AND ADDRESS OF INSURED Alex Schaufert 517 Gordon Ct Benecia CA 94510			DATE OF BIRTH 04/12/1955 SOC SEC # OR FEIN: 130-48-9787			CONTACT CONTACT INSURED Contact Cathy Watry																										
RESIDENCE PHONE (A/C, No)			BUSINESS PHONE (A/C, No, Ext)			NAME AND ADDRESS OF SPOUSE (IF APPLICABLE)			DATE OF BIRTH			RESIDENCE PHONE (A/C, No)																							
									SOC SEC # OR FEIN:			BUSINESS PHONE (A/C, No, Ext) 615-865-9415																							
									WHERE TO CONTACT			WHEN TO CONTACT																							
LOSS																																			
LOCATION OF LOSS 316 Nix Ave, Madison, TN 37115										POLICE OR FIRE DEPT TO WHICH REPORTED																									
KIND OF LOSS: <input type="checkbox"/> FIRE <input type="checkbox"/> THEFT <input type="checkbox"/> LIGHTNING <input type="checkbox"/> HAIL <input type="checkbox"/> FLOOD <input type="checkbox"/> WIND <input checked="" type="checkbox"/> OTHER (explain) Winter Storm Roof Damage																																			
PROBABLE AMOUNT ENTIRE LOSS 20,000																																			
DESCRIPTION OF LOSS & DAMAGE (Use separate sheet, if necessary) Freezing rain has caused roof failure. Water is leaking from multiple locations into rental units																																			
POLICY INFORMATION																																			
MORTGAGEE First State Bank 1720 West End Ave Suite 500 Nashville, TN 37203																																			
NO MORTGAGEE																																			
HOMEOWNER POLICIES SECTION 1 ONLY (Complete for coverages A, B, C, D & additional coverages. For Homeowners Section II Liability Losses, use ACORD 3.)																																			
A. DWELLING		B. OTHER STRUCTURES		C. PERSONAL PROPERTY		D. LOSS OF USE		DEDUCTIBLES		DESCRIBE ADDITIONAL COVERAGES PROVIDED																									
										ON																									
COVERAGE A. EXCLUDES WIND																																			
SUBJECT TO FORMS (Insert form numbers and edition dates, special deductibles)																																			
FIRE, ALLIED LINES & MULTI-PERIL POLICIES (Complete only those items involved in loss)																																			
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>ITEM</th> <th>SUBJECT OF INSURANCE</th> <th>AMOUNT</th> <th>% COINS</th> <th>DEDUCTIBLE</th> <th>COVERAGE AND/OR DESCRIPTION OF PROPERTY INSURED</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><input checked="" type="checkbox"/> BLDG <input type="checkbox"/> CNTS</td> <td>380000</td> <td>80</td> <td>1000</td> <td>Replacement Cost</td> </tr> <tr> <td>1</td> <td><input type="checkbox"/> BLDG <input type="checkbox"/> CNTS</td> <td>72000</td> <td>80</td> <td>1000</td> <td>Business Income, loss of rents</td> </tr> <tr> <td></td> <td><input type="checkbox"/> BLDG <input type="checkbox"/> CNTS</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>												ITEM	SUBJECT OF INSURANCE	AMOUNT	% COINS	DEDUCTIBLE	COVERAGE AND/OR DESCRIPTION OF PROPERTY INSURED	1	<input checked="" type="checkbox"/> BLDG <input type="checkbox"/> CNTS	380000	80	1000	Replacement Cost	1	<input type="checkbox"/> BLDG <input type="checkbox"/> CNTS	72000	80	1000	Business Income, loss of rents		<input type="checkbox"/> BLDG <input type="checkbox"/> CNTS				
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REMARKS/OTHER INSURANCE (List companies, policy numbers, coverages & policy amounts)/NY ONLY: PREVIOUS ADDRESS OF INSURED & WIFE'S MAIDEN NAME																																			
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ACORD 1 (2002/01)

NOTE: IMPORTANT STATE INFORMATION ON REVERSE SIDE

© ACORD CORP

Exhibit
B

Applicable in Arizona

For your protection, Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

Applicable in Arkansas, District of Columbia, Kentucky, Louisiana, Maine, Michigan, New Jersey, New Mexico, New York, Pennsylvania, Tennessee and Virginia

Any person who knowingly and with intent to defraud any insurance company or another person, files a statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact, material thereto, commits a fraudulent insurance act, which is a crime, subject to criminal prosecution and [NY: substantial] civil penalties. In DC, LA, ME, TN and VA, insurance benefits may also be denied.

Applicable in California

Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

Applicable in Colorado

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Applicable in Florida and Idaho

Any person who knowingly and with the intent to injure, defraud, or deceive any insurance company files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.*

* In Florida - Third Degree Felony

Applicable in Hawaii

For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

Applicable in Indiana

A person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.

Applicable in Minnesota

A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

Applicable in Nevada

Pursuant to NRS 686A 291, any person who knowingly and willfully files a statement of claim that contains any false, incomplete or misleading information concerning a material fact is guilty of a felony.

Applicable in New Hampshire

Any person who, with purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 538:20.

Applicable in Ohio

Any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Applicable in Oklahoma

WARNING: Any person who knowingly and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**"Your Fast Track Solution"****ACCESS AND AUTHORIZATION**

Customer's Name Shanandale Apts.
Address 800 Anderson Lane
Madison, TN 37115
Insurance Co. Lloyd's of London Adjuster Paul Epp

I hereby give access and authorization to Braun Construction Services, Inc. (hereinafter referred to as BCS) for the purpose of making necessary repairs to the above address as a result of water damage. I agree that I am responsible for payment to BCS for the charges for the work needed for the repairs. I agree to pay my deductible, if applicable, to BCS at the time of commencement of repairs. I acknowledge that the repairs will not begin until I pay the deductible to BCS. I understand that BCS will submit an invoice to me upon completion of the work, or every 30 days, whichever is the sooner. I agree that I am responsible for payment of the invoice within 10 days of the invoice date, and that interest will accrue on past due balances at one and one-half percent (1-1/2%) per month. If BCS takes legal action to collect any unpaid amount, I will be responsible for all costs of collection, including attorney's fees. The owner does hereby agree to grant a specific power of attorney and constitute and appoint BCS its true and lawful representative to execute, endorse and sign name, place and stead of the undersigned on any insurance company check(s) or draft(s) issued by the above named insurer covering the repairs, restorations, or renovations to its property in whatever manner is necessary to place the check(s) or draft(s) in a cashable position and receive said payment.

This agreement entered into on this 28th day of January, 2009.

Customer's Signature [Signature] Date 1/20/09
BCS Representative [Signature] Date 1/20/09

DIRECTION TO PAY

I authorize Lloyd's of London Insurance Company to pay Braun Construction Services, Inc., directly for and as the main payee for the above address.

Signature [Signature] Date 1/20/09 Revised 9/15/08

KNOXVILLE

2143 Payne Avenue, Alcoa, TN 37701 • Phone (865) 960-0900 • Fax (865) 981-1203 • (888) 734-2219

NASHVILLE

2143 Payne Avenue, Alcoa, TN 37701 • Phone (615) 366-1230 • Fax (615) 366-1203 • (888) 734-2230

Exhibit
C

Alex Schauffert Tennessee Properties

January 30, 2009

**Braun Construction Services, Inc.
Attention: Brent Easterwood**

**RE: Shannondale Apartments, 800 Anderson Lane, Madison, TN
Water Damage**

Please know that the only persons allowed to sign on behalf of the owner of the property located at 316 Nix Drive, Madison, Tennessee (also known as 800 Anderson Lane, Madison, Tennessee) is the owner of the property, Alex Schauffert, or his employee/Manager Cathy Watry.

No other person is now or has been in the past authorized to bind Mr. Schauffert to any agreements regarding any work to be done at the above-mentioned property.

Regarding work currently being done by Braun Construction Services:

Mr. Schauffert does authorize the insurance company to pay Braun Construction directly for any services provided at the above location that the insurance company has requested and authorized Braun Construction Services to perform.

However, Mr. Schauffert specifically does not authorize Braun Construction Services to perform any work at the above location that is not authorized and agreed to be paid for by the insurance company, and Mr. Schauffert specifically does not and will not obligate himself to pay any amount to Braun Construction Services for work performed that is not paid by the insurance company.

Sincerely,



**Cathy Watry
Manager**

cc: Brad Espey

**Exhibit
D**

**Telephone: 615 865-9415 Cell: 615 947-7528 Fax: 615 865-9418
P.O. Box 1280, Goodlettsville, TN 37072**

HP Officejet Pro L760 All-in-One series

Fax Log for
CATHY WATRY
#6158659418
Jan 30 2009 9:19AM

Last Transaction

Date	Time	Type	Station ID	Duration	Pages	Result
Jan 30	9:19AM	Fax Sent	3661203	0:28	1	OK



**Braun Construction
Services, Inc.**

*Insurance Restoration • Structure Drying • Contents
Mold Remediation • Fire, Water & Storm Reconstruction*

Industrial • Commercial • Residential

**Insurance Restoration & Consulting • Structure Drying • Contents
Mold Remediation • Fire, Water & Storm Reconstruction**

Brent Easterwood
1616 Elm Hill Pike
Nashville, TN 37210

615-366-1230
Cell: 615-405-4300
Fax: 615-366-1203

HP Officejet Pro L760 All-in-One series

Fax Log for
CATHY WATRY
#6158659418
Jan 30 2009 9:22AM

Last Transaction

Date	Time	Type	Station ID	Duration	Pages	Result
Jan 30	9:21AM	Fax Sent	2508711	0:36	1	OK

Had Espey
GAB Robins



ASSOCIATES

1420 Edgewater Drive
Orlando, Florida 32804
Phone: 706 485-8318
Fax: (407) 849-6710

March 20, 2009

Alex Schauffert
517 Gordon Ct.
Benicia, CA 94510

RE: Insured: Alex Schauffert
Policy No.: BO66408BAJ818 - 33929
Date of Loss: 1-27-2009
Loss Location: 316 Nix Ave., Madison, TN 37115
CJW File No.: 496363

Dear Mr. Schauffert,

Cramer, Johnson & Wiggins (CJW) is the Claims Administrator for the property insurance coverage you carry through Certain Underwriters at Lloyd's, London.

We are writing this letter with regard to the claim filed for the above referenced date of loss.

We engaged the services of Donan Engineering Co., Inc., specifically, Matthew W. Hodge, to help us determine the cause of loss to your building located at the above address in Tennessee. The results of his inspection and investigation revealed that the most likely cause of the damage is rotten roof sheathing from repeated water contact that could not withstand the pressure of the ponding water and ice above, and failed creating multiple large holes in the roof covering. The damages to the roof are due to deterioration from multiple water leaks over a long period of time, not due to a single event. This roof was beyond repair and should have been replaced well before this incident occurred. Additionally, the cold temperatures and possible ice on the roof did not expand and create the pressure to open the leaks. The roof coincidentally failed during the cold months, it was just as likely to fail in the heat of the summer.

Review of your policy information provides coverage for premises No. 1, Bldg. No. 1 located at 316 Nix Ave., Madison, TN 37115. Coverage is afforded in the amount of \$380,000.00 subject to 80% coinsurance on a replacement cost basis. Policy has a \$1000.00 deductible. Applicable forms are Building and Personal Property Form CP 0010 (10/00) with Causes of Loss - Special Form CP 0032 (10/00). Please refer to the following found in your policy Form Causes of Loss - Special specifically page 4 - C. Limitations - which states as follows:

Exhibit

E

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

Page 5 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or wall through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Based on the above policy language including the limitations and exclusions, Certain Underwriters at Lloyd's London must respectfully deny your claim. We feel this is a maintenance issue and not insurance related.

I am enclosing copy of Mr. Hodge's report from Donan Engineering Co., Inc. for your review.

Should you have any information or evidence which might affect this damage assessment, please advise us immediately so that we may undertake additional investigation and reconsideration of this position by your Underwriters.

By taking this position, Certain Underwriters at Lloyds of London does not intend to waive any of the terms and conditions nor any of its rights and defenses as provided within their policy of insurance.

Sincerely,


Tom Berardo
Account Manager

cc: Roland Null, Braishfield Associates, Inc:

Martinek Family Agency
311 E. Main Street
Suite 5
Hendersonville, TN 37075
Attn: Robert John Martinek



April 17, 2009

Alex Schauffert Tennessee Properties
517 Gordon Ct.
Benicia, CA 94510
Acct# 34087E
Certified # 70082810000198939216

Dear Mr. Schauffert:

This letter is in regard to an unpaid invoice totaling \$82,153.99 for services completed by Braun Construction Services, Inc.

Your outstanding balance of \$82,153.99 is now over 30 days past due and we have had no response from our previous communications.

Please contact the undersigned at (865) 980-0900 to make immediate arrangements for repayment of this obligation. If we do not hear from you and payment is not received within 10 days from the date on this letter, we will pursue other collection efforts which could include assignment to a collection agency, possible placement of lien on property, and/or legal action. Please be guided accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tiffany Taylor', is written over the typed name.

Tiffany Taylor
Collection Department
865-980-0900

Exhibit
F

Knoxville - Corporate Office

2143 Payne Avenue, Alcoa, TN 37701 - Phone (865) 980-0900 - Fax (865) 981-1203 - (888) 734-2219

Atlanta - Chicago - Houston - Nashville - New Orleans - Orlando - Tampa

Braun Construction Services, Inc.**"Your Fast Track Solution"**

1816 Elm Hill Pike
Nashville, TN 37210
Phone 615.366.1230 Fax 615.366.1203
Federal Tax ID: 62-1777768

DATE: April 1, 2009
INVOICE # 6487
FOR: 34087E
DUE DATE: April 15, 2009

Bill To:
Alex Schauffert Tennessee Properties
517 Gordon Ct.
Benicia, CA 94510

DESCRIPTION	AMOUNT
Restoration/Service/Remodel-See Attached Detail	\$ 82,153.99
Job Location: Shannondale Apartments 316 Nix Drive Madison, TN 37115	
Payment due by April 15, 2009.	
Finance charges will be assessed at a rate of 18% APR on any unpaid balance 10 days from date of invoice.	
TOTAL	\$ 82,153.99

Please disregard if this invoice has been paid.

Make all checks payable to Braun Construction Services, Inc.
If you have any questions concerning this invoice, contact Brent Easterwood at (615) 366-1230.

THANK YOU FOR YOUR BUSINESS!